

Message Text

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ACTION ARA-14

INFO OCT-01 EUR-12 IO-13 ISO-00 SSO-00 INRE-00 NSCE-00
ICAE-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 SS-15 STR-07 CEA-01 AGRE-00
L-03 INT-05 ITC-01 GSA-02 /113 W
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O R 281640Z APR 78
FM AMEMBASSY SANTO DOMINGO
TO SECSTATE WASHDC IMMEDIATE 4345
INFO USMISSION GENEVA
AMEMBASSY LONDON

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DEPT PASS TO ALL ARA DIPLOMATIC POSTS

EO 11652 NA
TAGS: OAS, ETRD, EGEN, XM
SUB: OAS-SCCN MEETING COMES TO LIFE

REF: SANTO DOMINGO 2212,

1. BEGIN SUMMARY: EVENTS MOVED MORE RAPIDLY ON THE THIRD DAY OF THE OAS-SCCN MEETING. THE LATIN AMERICAN AND CARIBBEAN GROOUP FINALLY PRESENTED ITS JOINT DRAFT RESOLUTION ON SUGAR, WHICH WHILE REPRESENTING A LABORIOUSLY NEGOTIATED COMPROMISE OF THEIR VARIOUS POSITIONS, WAS NEVERTHELESS SO CRITICAL OF THE U.S. THAT WE COULD NOT ACCEPT IT AS A DOCUMENT FOR USEFUL NEGOTIATION. THE U.S. DELEGATION THEREFORE LEFT ONE MEMBER TO MONITOR A REDRAFTING SESSION BY THE OTHER MEMBERS. THE DOMINICAN FOREIGN MINISTER EXPRESSED REGRET TO THE U.S. DELEGATION FOR THE WAY IN WHICH THE LATIN GROUP HAD PRESENTED ITS DRAFT RESOLUTION.

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2. EARLIER IN THE DAY THE CHILEAN, PERUVIAN AND BOLIVIAN DELEGATIONS EXPRESSED THEIR CONCERNS ON COPPER AND TIN WITH INTERNATIONAL COMMODITIES DIRECTOR WENDT EXPLAINING THE U.S. POSITION. GSP AGAIN RECEIVED CONSIDERABLE ATTENTION, AND THE DAY ENDED WITH ASSISTANT STR LANDE RESPONDING IN DETAIL TO LATIN OBSERVATIONS ON GSP. THE SESSION ON APRIL 28 IS EXPECTED TO TAKE UP SEVERAL RESOLUTIONS, MOST OF WHICH THE

US WILL MOST LIKELY TO BE UNABLE TO SUPPORT. END SUMMARY.

3. THE LATIN AMERICAN AND CARIBBEAN GROUPS' PAPER ON SUGAR FAILED TO INCLUDE A RECOMMENDATION THAT THE U.S. REINSTATE COUNTRY BY COUNTRY IMPORT QUOTAS AND ONLY REFERRED OBLIQUELY TO THE IDEA THAT U.S. TREASURY REVENUES FROM SUGAR TARIFFS AND FEES BE RETURNED TO THE EXPORTING COUNTRIES. IT WAS, HOWEVER, STRONGLY CRITICAL OF U.S. SUGAR MEASURES AND CLEARLY A DOCUMENT WE COULD NOT IN ANY WAY ACCEPT. (TEXT SENT TO THE DEPARTMENT BY SANTO DOMINGO 2216). GIVEN THE UNACCEPTABILITY OF THE DOCUMENT, AND THE REFUSAL OF THE CHAIR TO CONSIDER THE U.S. DELEGATION'S REQUEST THAT THE DOCUMENT EITHER BE MODERATED IN SUBSTANCE AND TONE OR CLEARLY IDENTIFIED AS A LATIN AMERICAN AND CARIBBEAN POSITION, WHEN A COMMITTEE OF THE WHOLE BEGAN REVIEWING IT PARAGRAPH BY PARAGRAPH, THE U.S. DEL LEFT THE HALL, LEAVING ONE MEMBER IN THE CHAIR TO MONITOR THE PROCEEDINGS. WHEN THE DELAGATION RETURNED FOR A LATER PLENARY SESSION ON GSP, DOMINICAN FOREIGN MINISTER JIMENEZ, CHAIRMAN OF THE MEETING, TOOK THE U.S. DEL ASIDE TO EXPRESS HIS REGRETS AT THE MANNER IN WHICH THE DOCUMENT HAD BEEN HANDLED. HE SAID THAT HE UNDERSTOOD THAT IF THE U.S. DELEGATION WERE TO SUPPORT THE DOCUMENT, "UPON RETURNING TO WASHINGTON, THEY WOULD BE SHOT." HE ADDED THAT THE OAS SUGAR EXPORTERS HAD TO PRESENT THEIR POSITION FORCEFULLY OR "WE WOULD BE SHOT". HE FURTHER ARGUED WE SHOULD ACCEPT THE DOCUMENT AS A STATEMENT OF THE LATIN GROUP. WE AGREED THAT IT SHOULD BE SO DESIGNATED AND LIMITED OFFICIAL USE

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PLAN TO TRY TO AVOID HAVING IT ADOPTED AS A RESOLUTION OF THE MEETING WHERE WE WOULD HAVE TO VOTE AGAINST.

4. AT THE MORNING PLENARY SESSION, CHILE SUPPORTED BY PERU, EXPRESSED CONCERN OVER THE CURRENT ITC INVESTIGATION OF U.S. COPPER AND ZINC IMPORTS. BOLIVIA COMPLAINED ABOUT MOVES IN THE U.S. TOWARD SELLING TIN FROM THE GSA STOCKPILE. WENDT EXPLAINED PROCEDURAL SIGNIFICANCE OF THE ITC INVESTIGATION AND DESCRIBED THE PROBLEMS OF COPPER PRODUCERS INCLUDING U.S. PRODUCERS. HE ANALYZED RECENT HISTORY IN THE WORLD TIN MARKET, NOTING THAT PRICES HAD DOUBLED AND THEN REDOUBLED WHILE PRODUCTION STAGNATED OWING TO HIGH EXPORT TAXES AND RESTRICTIVE LICENSING PRACTICES OF PRODUCING COUNTRIES. ANY EVENTUAL GSA DISPOSALS WILL BE UNDERTAKEN IN CONSULTATION WITH PRODUCING COUNTRIES AND THE INTERNATIONAL TIN COUNCIL AND WILL BE ARRANGED TO AVOID UNDUE DISRUPTION OF THE MARKET.

5. ON GSP, WE HEARD FURTHER REITERATION OF LATIN COMPLAINT WITH LANDE IN THE CHAIR. HE WAS ABLE TO REFUTE AND RESPOND IN DEPTH. WHEN COLOMBIA'S RAUL GUTIERREZ OF INCOMEX COMPLIMENTED HIM AS A LEADING EXPERT ON GSP, HE ADMITTED EXPERTISE ON THE POSITIVE ASPECTS OF GSP BUT SUGGESTED THAT

GUTIERREZ WAS THE FOREMOST AUTHORITY ON ITS NEGATIVE ASPECTS. DURING THE EVENING SESSION FOLLOWING THE CONTRETEMPS OVER THE SUGAR DOCUMENT, LANDE RESPONDED (ONCE AGAIN) TO A LIST OF LATIN SUGGESTIONS FOR IMPROVING GSP PUT FORWARD AT LAST YEAR'S MEETING IN BUENOS AIRES. MOST OF THE LATIN SUGGESTIONS WOULD REQUIRE CHANGES IN THE TRADE ACT, AND HE EXPLAINED THAT IT WOULD NOT NECESSARILY BE IN THE BEST INTERESTS OF BENEFICIARY COUNTRIES TO OPEN UP THE ACT FOR AMENDMENT IN THE PRESENT POLITICAL CLIMATE IN THE U.S.

6. SEVERAL DRAFT RESOLUTIONS WILL EMERGE FROM LATIN AND CARIBBEAN WORKING GROUPS NOT ONLY ON SUGAR BUT ALSO ON GSP, MTN, COPPER AND TIN, AND PROTECTIONISM. FEW IF ANY OF THESE RESOLUTIONS WILL MERIT U.S.SUPPORT SINCE WE ARE THE TARGET LIMITED OFFICIAL USE

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IN EACH CASE. NEAR THE END OF THE DAY PERU INTRODUCED AN UNHELPFUL DECLARATION OF THE ANDEAN GROUP REVERTING TO THE ACCUSATORY RHETORICAL STYLE OF THE OPENING DAY'S INTERVENTIONS. THIS DOCUMENT SEEMS DESTINED FOR FILE CABINET'S ONLY, AS PRIVATELY SUGGESTED TO US BY COLOMBIA, A MEMBER OF THE ANDEAN GROUP. THE VARIOUS DRAFT RESOLUTIONS WILL RECEIVE MORE ACTIVE CONSIDERATION DURING THE REMAINING TWO DAYS OF THE MEETING. AXELROD

NOTE BY OC/T: SANTO DOMINGO 2241 NOT PASSED ALL ARA DIPLOMATIC POSTS.

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